

Message Text

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13

ACTION NEA-12

INFO OCT-01 ADP-00 TRSE-00 FS-01 CIAE-00 INR-10 NSAE-00

RSC-01 ABF-01 L-03 COME-00 EB-11 RSR-01 AID-20 /061 W

----- 103830

R 170640Z JUL 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 0352

INFO AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

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E.O. 11652: N/A

TAGS: EFIN BG PK

SUBJ: AMEX/DACCA-KARACHI SWAP PROPOSAL

REF: (A) STATE 119949; (B) KARACHI 1012

1. IN PURSUANCE OF INSTRUCTIONS REF (A); EMBASSY PROPOSES TO SUBMIT NOTE TO FOREIGN MINISTRY INFORMING BDG THAT WE ARE ASKING AMERICAN EXPRESS TO DISSOLVE LEGAL DEBT IN KARACHI OWED BY THE AMERICAN COMPANY TO THE AMERICAN GOVERNMENT (REF B) THROUGH A DEPOSIT IN THE COMPANY'S BRANCH BANK IN DACCA. TEXT OF NOTE FOLLOWS IN PARA 3. PLEASE INFORM IMMEDIATELY IF URY OBJECTIONS.

2. NOTE INDICATES THAT TRANSACTION WILL TAKE PLACE IN TWO WEEKS' TIME FROM DELIVERY OF NOTE. PLEASE ISSUE USDO'S DACCA AND KARACHI ADDITIONAL INSTRUCTIONS SPECIFIED REF (A), TO BE DRAWN ON IF BDG DOES NOT OBJECT TO TRANSACTION.

3. SUBSTANCE OF PROPOSED NOTE:

A. EMBASSY...HAS HONOR HERE TO RECORD A TRANSACTION BETWEEN USG AND A US ENTITY, AMERICAN EXPRESS INTERNATIONAL BANKING CORP. OF NEW YORK.

B. AMEX IS INDEBTED TO USG IN AN AMOUNT EQUIVALENT TO APPROXIMATELY TK 35 MILLION, ARISING FROM LOCAL-CURRENCY OBLIGATIONS INCURRED PRIOR TO DECEMBER 1971. DURING PAKISTAN PERIOD, FUNDS COULD HAVE

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BEEN MADE AVAILABLE TO USG IN EITHER WING OF ERSTWHILE PAKISTAN.

SINCE FUNDS ARE NOW REQUIRED IN BANGLADESH, USG IS ASKING AMEX TO DISCHARGE OBLIGATION THROUGH DEPOSIT IN USG ACCOUNT WITH THE BANK'S BRANCH IN DACCA. THE TAKAS WILL BE USED BY EMBASSY FOR ITS NORMAL OPERATION HERE.

C. EMBASSY EXPECTS THAT TRANSACTION WILL BE CONSUMMATED IN TWO

WEEKS' TIME.

D. EMBASSY IN EFFECTING THIS TRANSACTION IS MINDFUL OF AN EARLIER ANALOGOUS ONE WHERE AN AMERICAN COMPANY - INTERCONTINENTAL HOTELS CORP. OF NEW YORK - OWED USG LOCAL CURRENCY. POINT OF ORIGINAL DISBURSEMENT OF FUNDS BY USG TO AMERICAN COMPANY WAS IN KARACHI. REPAYMENT HAS RECENTLY BEEN MADE, WITH BANGLADESH GOVERNMENT SANCTION, IN DACCA.

NEWBERRY

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